Economic Planning Initiative

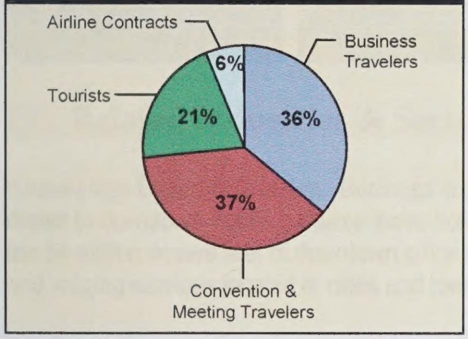
HOTEL
FACT SHEET

Boston Redevelopment Authority
Mark Maloney, *Director*

Summer 2001

I. Sector Description and Definition

Four Main Groups to Boston's Hotel Market



With 14,343 rooms in 49 major hotels (with at least 50 rooms), and 600 additional rooms in smaller establishments, Boston is one of the ten largest city hotel markets nationwide and one of the top three, along with New York City and San Francisco, in measures of industry performance. Boston's hotel market dominates its metropolitan area and the state of Massachusetts. The hotel market in Boston is roughly one-third of the Massachusetts statewide hospitality industry, measured by employment and revenues. Boston accounted for 30% of Massachusetts' hotel jobs, 40% of statewide industry wages, and 32% of room occupancy receipts and tax collections in 2000. Four main groups categorize Boston's hotel market: business travelers, convention & meeting attendees, tourists and airline contracts. Business and convention/meeting visitors typically comprise about 70% of Boston's total hotel demand. Although hotels provide only 2% of Boston's jobs, they are important in supporting retail, restaurant, cultural and entertainment sectors. Boston is currently in the middle of a remarkable building boom, growing its room supply of major hotel rooms from about 12,000 in 1997 to 18,000 projected for 2007. Only the 1920s and the 1980s have seen such strong growth during the past century.

II. Job Opportunities and $alaries

The sector provides a wide range of job opportunities and pay scales as shown below. Here is s information on job and salaries in Boston.

	# of employees	median hourly wage
Service Workers	7,710	$ 10.43
Clerical & Administrative Support	1,930	11.14
Managerial and Administrative	830	19.20
Construction and Maintenance	820	11.34
Professional and Technical	250	14.42
Agricultural and Landscaping	10	10.63
	11,550	

Source: Massachusetts Division of Employment and Training (DET), 1997

Boston's Share of the Hotel Industry

MASS	employment	Average wages	Total wages
1998	32,029	$23,399	$749,446,571
1999	33,484	$22,895	$766,616,180
2000	34,401	$24,164	$831,265,764
Boston			
1998	9,492	$35,863	$340,411,596
1999	10,032	$30,833	$309,316,656
2000	10,312	$31,932	$329,282,784
Boston as % Mass:	**30.0%**	**132.1%**	**39.6%**

Boston accounts for 30% of the state's total jobs and almost 40% of total wages. Hotel workers in Boston can expect 50% higher wages than their counterparts in the rest of the Commonwealth.

VOCABULARY LESSON

- *Room-Night*—one room available for one night.
- *Room Supply*—which may be counted by the number of rooms or available room-nights; a year's supply of room-nights is typically equal to 365 times the number of rooms.
- *Average Daily Room Rate (ADR)*— average price of a room; actual money received by the hotel after any discounts have been taken, excluding telephone, room service & other charges.
- *Occupancy Rate*— average percent of rooms occupied by paying customers for a given month or year.
- *Revenue Per Available Room (RevPAR)*—principal measure of hotel profitability; for a given month or year, RevPAR is equal to the average occupancy rate times ADR.
- *Room Occupancy Receipts*—a hotel's income from room sales.

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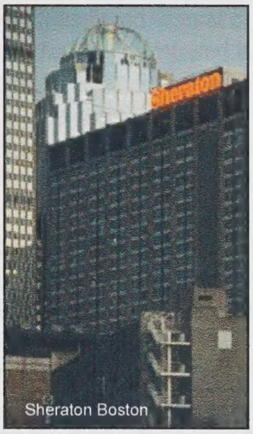
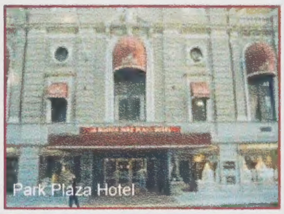
III. Major Employers



Hotels	Employees
Sheraton-Boston	1000
Marriott-Copley Place	1000
Seaport Hotel	794
Westin Hotel-Copley Place	650
Fairmont Copley Plaza	450
Park Plaza Hotel	410
Omni-Parker House	400
Airport Hilton	350
Marriott Long Wharf	330
Swissotel	300
Radisson	300
Back Bay Hilton	260



IV. Related Industries & Sectors

Knowledge-Based Industries. Business and convention travelers comprise 36% of hotel users in the City. Primarily, they are drawn to downtown hotels because those hotels offer appropriate levels of service as well as proximity to both the airport and the 54 million square feet of downtown office space. A smaller percentage of business and convention travelers use the hotel and lodging services located in cities and towns outside of Boston.

Retail & Restaurants. According to the U.S. Department of Housing and Urban Development (HUD) FY 2002 Income Guidelines, the Boston metropolitan area has a median family income of $74,200, which is 36% above the U.S. median family income of $54,400. In 1997, Boston eating and drinking establishments' sales receipts totaled $1.35 billion, which made up 18.6% of the Commonwealth's total.

Construction & Development. Hotels stimulate the City's economy in the construction phase and continue throughout their operation. In terms of property revenue, in Fiscal 2001, Boston's hotels paid $46,992,777 in property tax. The average hotel room generates $3,856 in annual property taxes.

Culture, Sports and Tourism. According to the Greater Boston Convention & Visitors Bureau, there were an estimated 12.6 million visitors to Boston in 2001. The many cultural resources in the City include the Museum of Fine Arts, Boston Symphony Hall and Theatre District. The Emerald Necklace park system, Boston's professional sports teams, and institutions such as Fenway Park, offer recreational opportunities.

V. Education and Training Issues

Empowerment Zone (EZ). The Empowerment Zone has helped financed the Roundhouse Hotel on Massachusetts Avenue. The contractors pledged to hire a certain number of EZ residents. The EZ will offer three training programs starting in September 2003, which focus on facilities maintenance, construction, and property management.

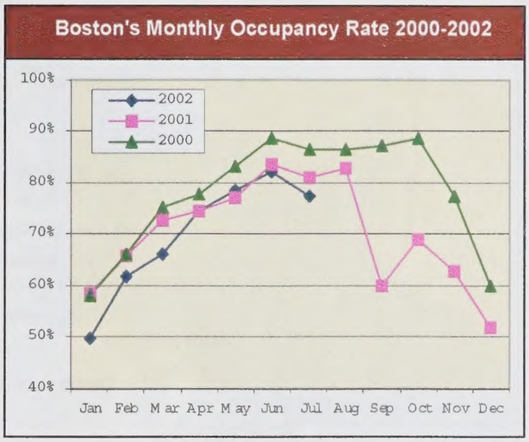
Jobs Creation. The Seaport Hotel and South Boston Neighborhood Development Corporation had a "jobs creation" project a while back, but it fell short of meeting its hiring goals. A similar arrangement between the Asian American Civic Association and the Club by Doubletree hotel at the former Don Bosco School was more successful.

Neighborhood Jobs Trust. Employing moneys from the Neighborhood Jobs Trust, JCS currently funds 3 culinary arts training programs, one building trades program, and one hotel industry (housekeeper, attendant, and banquet server) program.

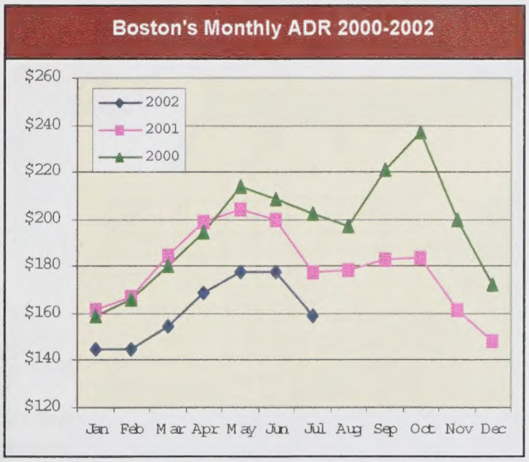
Welfare to Work. The U.S. Department of Labor Funds were used for a job readiness program, Pathways to Independence, with the Marrriot Hotel from Fall 1998 to Spring 2002. Graduates were hired as housekeepers, front desk, & restaurant workers.

VI. Sector Trends and Issues

Recovery from 9/11. Between March and August of 2001 Boston's average hotel occupancy was down 6%, compared to the same months in 2000, as a result of the national recession. September 2001 occupancy fell to 31% below September 2000 as the events of September 11 curtailed national air travel and hotel patronage. October, November, and December 2001 showed gradual recovery, with occupancy down 22%, 19%, and 13% respectively in comparison to the same months in 2000. Occupancy statistics for 2002 show January and February occupancy rates narrowing the gap from the previous years, with February off only 5.7% compared to February 2001.



Seasonality. Like most other cities, Boston's hotel business varies from season to season. December, January, and February are the slowest months; March, April, May and November have mid-level demand; finally the months June through October are the busiest times of the year in Boston. The different travel groups have different schedules throughout the year. Business travelers tend to travel midweek during most of the year but less during holidays and the summer. Tourists generally travel on weekends and the summer. Convention visitors provide year-round demand.



Budget/Extended Stay Hotel Competition. The addition of mid-range hotels for the leisure traveler should help Boston compete with suburban hotels and with other cities as a tourist destination. Such hotels could be combined with housing or commercial uses or located just outside of downtown to make them financeable. We intend to examine the impacts on Boston's hotel industry if more companies were to relocate to the suburbs as a result of the Sept. 11th attacks, or more likely due to affordability.

Boutique Hotels. Visitors of our city in the past have been faced with limited options in finding high-end boutique hotel accommodations. Many educated tourists demand high quality and service when seeking hotels for business trips or leisure stays. The emergence of Boston's boutique hotel trend will cater to these demanding consumers. Similar to other large cities, the option for Boston travelers to stay in hotels, offering personal features and unique amenities has become a necessity. Hotels such as Nine Zero and Fifteen Beacon meet the needs of these elite customers.

VII. In the Neighborhoods

Most of Boston's hotels are located in the downtown area, and many new hotel developments are slated on or near the South Boston Waterfront, the location for the new Boston Convention & Exhibition Center (BCEC). Also, many new hotels, currently under construction or in the planning stages, are being built within the vicinity of both the BCEC and the Hynes Convention Center, thus providing tremendous accessibility to both major conference facilities and to many of Boston's major tourist destinations.

The volume of tourism and convention business slated to come to Boston has necessitated the expansion of the hotel industry into other areas of the city. The Hotel Commonwealth in Kenmore Square, Marriott's Residence Inn in Charlestown, and the Embassy Suites Hotel in East Boston, are examples of hotel development occurring in established neighborhoods not historically associated with the tourism and convention industries. Hotel developments will offer these established neighborhoods the same benefits enjoyed by areas with historically high concentrations of hotels.

New Boston Hotels
Cambridge
Boston
Hoosac Stores Building
Homewood Suites
Embassy Suites
Airport Hilton
Battery Wharf Regent
Europa
Kimpton Hotel
Charles Street Jail
Bostonian Addition Phase I & II
Ames Building
Harborside Inn
15 Beacon St.
Custom House
Nine Zero
Wyndham Boston Hotel
Beacon Hill Hotel
Club Quarters
Boston Edison Site
Grand Hyatt
Ritz on the Common
Pier 4
Russia Wharf
Charlesmark Hotel
Loews/Sawyer
Seaport Hotel
88 Exeter
Club by Doubletree
Massport Parcel F2
Commonwealth Hotel
Prudential Center
Police HQ/ Jurys-Doyle
Turnpike Air Rights
BCEC Headquarters Hotel
Hilton Expansion Phase I
BCEC
Comfort Inn
Hampton Inn
Best Western "Roundhouse"
Holiday Inn Express
Courtyard by Marriott
Club by Doubletree
Chalet Inn of Boston
Status
Completed Since July 1, 1997
Under Construction
Approved
Approval Process Initiated
0
0.25
0.5
Miles

VIII. Planning Initiatives

Waterfront Planning and Hotels. Hotels are key components to the implementation of the City's many waterfront planning efforts. These include the 1990 Harborwalk Plan, the Fort Point Downtown Municipal Harbor Plan, the South Boston Municipal Harbor Plan and the Seaport Public Realm Plan. Their role in waterfront planning is two-fold: both as a catalyst for economic development, and to expand and enhance the public realm.

As an element of economic development, hotels support ancillary uses related to business and leisure travelers, such as retail, restaurants, entertainment, tourism/cultural, and transportation, including limousine service and taxis. Waterfront hotels in particular have the effect of bringing life and economic vitality to a long under-used waterfront -- especially in South Boston where for decades surface parking lots appeared to be the highest and best use. The hotels are often the pioneers, drawing other uses (such as office and residential) after them.

Waterfront hotels enhance the public realm because they, by their nature, are more "public" than an office or residential use. Hotels provide a 24-hour mix of uses open to the public, including restaurants, bars, shops, cafes, plazas, courtyards, and even the lobbies themselves, and ultimately create new destinations for city dwellers, tourists and workers alike.

Boston Convention Exhibition Center

As Boston is one of the country's top destinations for convention and meeting travelers, the need to construct a larger exhibition center to accommodate these national and international groups became essential.

As a result of the need, backed by the strong leadership of Mayor Thomas M. Menino, the Massachusetts Legislature created Chapter 152 of the Acts of 1997, the Convention Center legislation. In short, the marketability study found that an additional 4,800 hotel rooms needed to be constructed and opened for patronage in Boston and Cambridge prior to the opening of the Convention Center.

Not only is Boston on line to meet its goal, but an additional 1,771 hotel rooms are in the process of being developed and should be completed by the opening of the Convention Center in June 2004.

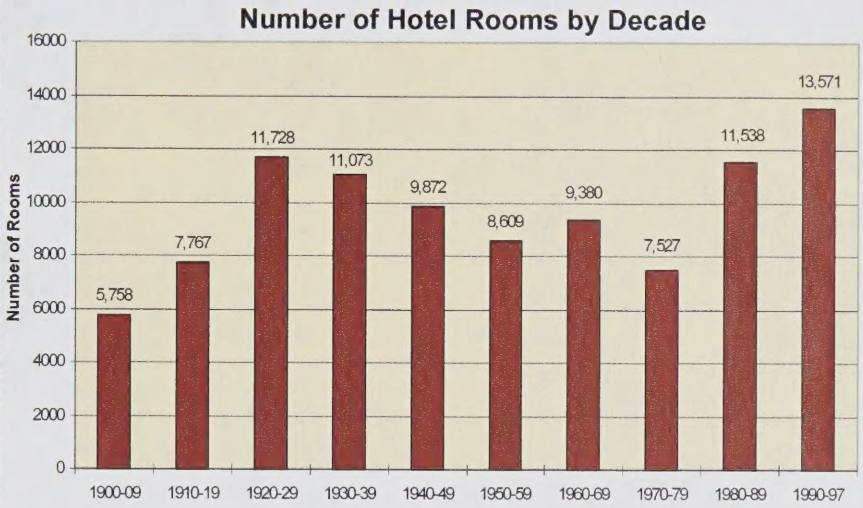
PIPELINE PROJECTS

			Completion	
Status	**District**	**Rooms**	**Quarter**	**Year**
COMPLETED (since 7/1/97)				
Cambridge Inn	Cambridge	112	Q3	1997
Club Quarters	Central	170	Q3	1997
Custom House	Central	84	Q3	1997
Harborside Inn	Central	56	Q4	1997
Park Hotel	Cambridge	210	Q3	1998
Seaport Hotel	S. Boston	427	Q2	1998
Chalet Inn of Boston	Dorchester	28	Q2	1998
Holiday Inn Express	Dorchester	18	Q2	1998
Hilton Expansion Phase I	Back Bay	44	Q2	1998
Bostonian addition phase 1	Central	11	Q3	1998
Marriott Residence	Cambridge	221	Q1	1999
Club by Doubletree	Dorchester	212	Q2	1999
Bostonian addition phase II	Central	38	Q3	1999
Wyndham Boston Hotel	Central	362	Q3	1999
Airport Hilton	E. Boston	600	Q3	1999
15 Beacon St.	Central	61	Q1	2000
Club by Doubletree	Central	268	Q3	2000
Beacon Hill Hotel	Central	13	Q4	2000
Best Western "Roundhouse"	South End	92	Q1	2001
Ritz on the Common	Central	191	Q2	2001
Millennium Place Extended Stay	Central	63	Q2	2001
Charlesmark Hotel	Back Bay	33	Q1	2002
Nine Zero	Central	190	Q3	2002
Hampton Inn	Cambridge	114	Q3	2002
SUBTOTAL		**3,683**		
UNDER CONSTRUCTION				
Commonwealth Hotel	Kenmore	149	Q3	2002
Embassy Suites	E. Boston	272	Q1	2003
Kimpton Cambridgeside	Cambridge	236	Q3	2003
88 Exeter St	Back Bay	90	Q3	2003
Kimpton Boutique	Central	112	Q3	2003
Homewood Suites	Charlestown	168	Q3	2003
Jurys Doyle/ Saunders	Central	220	Q1	2004
Hampton Inn / Crosstown	Roxbury	175	Q2	2004
SUBTOTAL		**1,247**		
APPROVAL PROCESS INITIATED				
Clarion	Central	88	Q3	2003
Ames Building	Central	162	Q1	2004
Loews/Sawyer	Central	395	Q2	2004
Marriott Renaissance	S. Boston	450	Q2	2004
Lyme Properties	Cambridge	350	Q4	2004
Comfort Inn	S. End	240	Q4	2004
Prudential Center	Back Bay	168	Q4	2004
Courtyard by Marriott	Roxbury	66	N/A	2004
Charles Street Jail Reuse	Central	300	N/A	2004
BCEC Headquarters Hotel	S. Boston	1,200	Q4	2005
Grand Hyatt	S. Boston	600	Q1	2005
Battery Wharf Regent	Central	196	Q3	2005
Edison Site/ Intercontinental	Central	420	Q3	2005
Pier 4	S. Boston	220	Q2	2005
Massport Parcel D2	S. Boston	600	Q2	2005
Turnpike Air Rights	Back Bay	252	N/A	2006
Turnpike Air Rights	Back Bay	192	N/A	2006
Russia Wharf	Central	300	N/A	2007
Hoosac Stores Building		115	N/A	N/A
SUBTOTAL		**6,489**		

A Look at the Past

Since 1829, when the original Tremont House, one of the pioneer first-class hotels in the nation, opened on the corner of Tremont and Beacon Streets, Boston has supported a strong hotel industry.

Boston's current inventory of 14,343 hotel rooms is the largest in the city's history. But the city has had over 10,000 hotel rooms in three previous decades: first in the 1920s and 1930s, and again in the 1980s.



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The Economic Planning Initiative's nine interdepartmental teams connect the BRA to industry leaders, issues, and the latest trends in the greater Boston area.

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Economic Sector Teams
Education
Financial Services, Insurance, Real Estate
Health & Medical
Hotels
Industrial
Professional Services
Retail
Technology
Culture, Sports & Recreation

Research

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BRA Research Reports are available free of charge on the BRA website:
www.bostonredevelopmentauthority.org.